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The Role of State Privacy Regulations in Mitigating Internet Users' Privacy Concerns: A Multilevel Perspective

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Abstract

In the U.S., there is no comprehensive national law regulating the collection and use of personal information. As a response to the high level of privacy concerns among U.S. citizens and the currently limited regulations, states have enacted their own privacy laws over and above the principles of Fair Information Practices (FIP). In this exploratory study, we draw upon the privacy literature and the Restricted Access/Limited Control (RALC) theory of privacy to study the privacy concerns phenomenon with a multilevel theoretical lens. We introduce and test three novel propositions pertaining to the impact of state level privacy regulations on privacy concerns. This combines consideration of individual differences as well as state level factors in predicting individuals' Internet privacy concerns. Overall, the results provide support for the role of state level privacy regulations in mitigating individuals' privacy concerns. We discuss the results, theoretical contributions, policy implications, and future research.

Disciplines

Information Security | Management Information Systems | Privacy Law

Comments

Keywords:

State privacy regulations, privacy concerns, surveillance, behavioral outcomes, multilevel analysis

Only an abstract and summary are pushed in the Proceedings.

SUMMARY

Digital innovation has resulted in increased convenience for customers and greater market reach for organizations. But, it has also increased the risk of consumers' privacy exposure as information is easily collected, transferred, shared, and searched, leading to elevated concerns for privacy among Internet users. Privacy concerned users are less likely to divulge personal information, provide accurate information, accept the technology, and use online shopping and other online services. While mitigating these concerns is important for streamlining the digital innovation, many organizations do not have robust plans to counter privacy exposure and employees often lack awareness of how to handle personal customer data. As a result, governmental interventions—in the form of enacting legislation on online privacy—are imperative in order to preserve individuals' privacy rights and alleviate their concerns.

In the U.S., there is no comprehensive online privacy law that addresses the collection and use of Internet users' personal information through digital channels. In the past two decades, however, states have enacted further legislations and laws over and above the Fair Information Practices (FIP) principles supported by the general federal privacy laws. State level actions to this end are seen as a response to the high level of privacy concerns among U.S. citizens and the currently limited federal regulations. For instance, some states have imposed many requirements on governmental and corporate websites to describe data gathering and to ensure other privacy practices. Such form of regulation is aimed at protecting the privacy of individuals of those states. Yet, there is a lack of clarity as to how effective these state regulations have been in mitigating individuals' privacy concerns. In this exploratory study, we pose the question: How do state privacy regulations affect individuals' concerns for privacy and behavioral outcomes?

We draw upon the privacy literature and the Restricted Access/Limited Control (RALC) theory of privacy to develop three novel propositions, arguing for the multilevel nature of the privacy concerns phenomenon. The RALC theory suggests that information privacy can be achieved in a situation through norms, policies, and laws that have been formulated to protect individuals (e.g., Internet users) in that situation (e.g., an Internet activity). In two survey studies, we provide empirical support for the role of state level privacy regulations in

mitigating users' privacy concerns. Such findings provide critical policy implications, especially to state legislators and governors. States that have made little progress in passing privacy laws in order to provide protection to their citizens are strongly recommended to consider taking this issue into consideration. A succinct conclusion from this study is that individuals residing in states with a higher number of privacy laws tend to be less concerned about surveillance practices and Internet privacy. These associations are insightful because they carry over to affect behavioral outcomes, such as online purchasing behaviors, that have significant impact on the national economy. We conclude the paper with avenues for future research needed to corroborate the tentative conclusions drawn from this exploratory study.